

**FINANCIAL STATEMENTS**

**DEFENDING MAIN STREET  
SUPERPAC, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**DEFENDING MAIN STREET SUPERPAC, INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Defending Main Street SuperPac, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of Defending Main Street SuperPac, Inc. (the Organization), which comprise the statement of assets, liabilities and net assets - cash basis as of December 31, 2018, and the related statement of revenues, expenses and change in net assets - cash basis, functional expenses - cash basis and cash flows - cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Organization as of December 31, 2018, and its revenues and expenses and change in net assets for the year then ended in accordance with the cash basis of accounting as described in Note 1.

*Gelman Rosenberg & Friedman*

March 5, 2019

## DEFENDING MAIN STREET SUPERPAC, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
AS OF DECEMBER 31, 2018

## ASSETS

Cash and equivalents	\$ <u>722,605</u>
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<b>TOTAL ASSETS</b>	<b>\$ <u>722,605</u></b>
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## LIABILITIES AND NET ASSETS

## NET ASSETS

Without donor restrictions	\$ <u>722,605</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>722,605</u></b>
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## DEFENDING MAIN STREET SUPERPAC, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>
<b>REVENUE</b>	
Contributions	\$ 4,079,300
Refunds	<u>75,000</u>
Total revenue	<u>4,154,300</u>
<b>EXPENSES</b>	
Program Services	4,068,917
Management and General	71,632
Fundraising	<u>234,661</u>
Total expenses	<u>4,375,210</u>
Change in net assets	(220,910)
Net assets at beginning of year	<u>943,515</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 722,605</u></b>

## DEFENDING MAIN STREET SUPERPAC, INC.

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Independent expenditures	\$ 4,020,019	\$ -	\$ -	\$ 4,020,019
Consulting	35,000	3,000	233,500	271,500
Legal and accounting	13,898	52,140	-	66,038
Rent and office expenses	-	16,492	-	16,492
Travel	-	-	1,161	1,161
<b>TOTAL</b>	<b><u>\$ 4,068,917</u></b>	<b><u>\$ 71,632</u></b>	<b><u>\$ 234,661</u></b>	<b><u>\$ 4,375,210</u></b>

## DEFENDING MAIN STREET SUPERPAC, INC.

STATEMENT OF CASH FLOWS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ <u>(220,910)</u>
Net decrease in cash and cash equivalents	(220,910)
Cash and cash equivalents at beginning of year	<u>943,515</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u><u>722,605</u></u></b>



**DEFENDING MAIN STREET SUPERPAC, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Defending Main Street SuperPac, Inc. (the Organization) is an incorporated IRC Section 527 Federal independent expenditure political committee. The Organization is dedicated to electing more Members of Congress who will provide leadership to the Country and its citizens.

Basis of presentation -

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The main differences from U.S. generally accepted accounting principles ("GAAP") and the cash basis of accounting are that the Organization recognizes income when received and expenses as they are paid. Accordingly, the statements are not intended to present the Statement of Assets, Liabilities and Net Assets - Cash Basis or Statement of Revenues, Expenses and Change in Net Assets - Cash Basis for the Organization in conformity with U.S. generally accepted accounting principles.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Income taxes -

The Organization is a political committee subject to taxation under section 527 of the Internal Revenue Code. Accordingly, the Organization is subject to federal and state taxes on its investment income. As there was no investment income, there is no tax due for the current year.

Uncertain tax positions -

For the year ended December 31, 2018, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes, and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

**DEFENDING MAIN STREET SUPERPAC, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

**Contributions -**

Contributions received without donor restrictions are recorded as revenue in the year cash is received.

**Functional allocation of expenses -**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses and Change in Net Assets - Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**New accounting pronouncements (not yet adopted) -**

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organization has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

The Organization plans to adopt the new ASUs at the respective required implementation dates.

**2. RELATED PARTY**

The Organization's Treasurer is a director of Republican Main Street Partnership, a 501(c)(4) organization. The Organization paid Republican Main Street Partnership for shared office facilities. A determination of the allocable shared facilities was based on personnel costs paid at each organizational level.

**DEFENDING MAIN STREET SUPERPAC, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**3. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 5, 2019, the date the financial statements were issued.